



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

OCTOBER 13, 2015

Martial arts facilities must begin collecting sales tax January 1, 2016

Effective January 1, 2016, a new law ([House Bill 1550 \(Chapter 169, Laws of 2015\)](#)) adds martial arts and mixed martial arts training to those activities defined as retail sales. This means that, beginning January 1, 2016, martial arts training facilities must collect and remit retail sales tax on their charges to customers. This income will also be subject to retailing business and occupation (B&O) tax.

What is an athletic or fitness facility?

An “athletic or fitness facility” is defined as:

*[A]n indoor or outdoor facility or portion of a facility that is primarily used for: Exercise classes; strength and conditioning programs; personal training services; tennis, racquetball, handball, squash, or pickleball; yoga; **boxing, kickboxing, wrestling, martial arts, or mixed martial arts training**; or other activities requiring the use of exercise or strength training equipment, such as treadmills, elliptical machines, stair climbers, stationary cycles, rowing machines, pilates equipment, balls, climbing ropes, jump ropes, and weightlifting equipment. (Emphasis added)*

Athletic or fitness facilities that include martial arts facilities are premises where training, instruction or competitions involving boxing, kickboxing, wrestling, and martial arts or mixed martial arts take place. Martial arts and mixed martial arts include, but are not limited to: karate, judo, Taekwondo, Capoeira, Savate, Muay Thai, Sanshou, Hapkido, Sumo, Aikido, Jujutsu, Brazillian Jiu-Jitsu, Sambo, and Kung Fu.

Are all charges considered retail sales?

Charges for using an “athletic or fitness facility” including all charges for any associated services and amenities, are taxable as retail sales. Income received by martial arts facilities from customers who attend instructional classes, training, competitions, etc. occurring at these facilities is therefore subject to retail sales tax and retailing B&O tax.